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THE CROW'S NEST PASS COAL COMPANY, LIMITED
FERNIE, BRITISH COLUMBIA

ANNUAL REPORT

FOR

YEAR ENDED DECEMBER 31, 1940.

BOARD OF DIRECTORS

H. P. Wilson
L. C. Gilman
Erasmus C. Lindley

Thomas Balmer
James T. Maher
F. D. Pratt

Welles V. Moot

EXECUTIVE COMMITTEE

Thomas Balmer, Chairman

H. P. Wilson
James T. Maher

L. C. Gilman
F. D. Pratt

OFFICERS

| | |
|---------------------------------|-----------------------------|
| H. P. Wilson | President & General Manager |
| Thomas Balmer | First Vice President |
| L. C. Gilman | Second Vice President |
| Geo. H. Hess, Jr. | Comptroller |
| J. S. Irvine | Secretary |
| J. H. Marshall | Treasurer |
| Welch, Anderson & Company | Auditors |

TRANSFER AGENTS

Toronto General Trusts Corporation, Toronto, Ont.

Bankers Trust Company, New York, N. Y.

REGISTRARS

National Trust Company, Limited, Toronto, Ont.

Central Hanover Bank & Trust Co., New York, N. Y.

Fernie, British Columbia.
March 31, 1941.

TO THE SHAREHOLDERS OF
THE CROW'S NEST PASS COAL COMPANY, LIMITED :

We submit herewith the Forty-fourth Annual Report of your Company for the year ended December 31, 1940, together with a Balance Sheet, duly certified by your Auditors, Welch, Anderson & Company, as well as a statement of Income and Surplus Account.

The profit from all sources after depreciation and depletion amounted to \$307,162.98.

The net Capital Expenditures made by the Coal Company and its subsidiaries during the year amounted to \$53,480.60.

Distributions to shareholders during the year amounted to the sum of \$186,354.00, which is equivalent to \$3.00 per share. This amount was paid from earned profits.

Coal mined amounted to 813,610 tons, as compared with 600,551 tons in 1940.

Coke production was 66,961 tons as compared with 57,350 tons in 1940.

By Order of the Board of Directors,

H. P. WILSON,
President.

AUDITORS' REPORT AND CERTIFICATE

March 13th, 1941.

To the Shareholders,

THE CROW'S NEST PASS COAL COMPANY, LIMITED,
Ferne, B.C.

We report that we have audited the books and accounts of your Company for the year ended December 31st, 1940, and certify that we have obtained all the information and explanations required.

We confirmed the securities of the Company held for safekeeping by the Imperial Bank of Canada, Vancouver Branch, by certificate from the depository.

The cash and bank balances were verified, either by actual count or by certificates from the depositories.

The accounts receivable have not been verified by direct communication with the debtors.

Deficits in subsidiaries are being written off on an annual basis, which we consider adequate.

Full provision has been made for Federal Income Tax. Provision has also been made for the Excess Profits Tax which it is considered will be assessed against the Company, but the adequacy of this provision is subject to a satisfactory ruling by the Board of Referees on the Company's application for a Standard Profit, as provided by Section 5, of the Excess Profits Tax Act.

Subject to the foregoing, we certify that the accompanying Balance Sheet is, in our opinion, properly drawn so as to exhibit a true and correct view of the state of the Company's affairs, according to the best of our information, the explanations given us and as shown by the books of the Company.

WELCH, ANDERSON & COMPANY,
Chartered Accountants.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

BALANCE SHEET — DECEMBER 31st, 1940.

ASSETS

| | |
|---|----------------|
| Cash on hand and in banks | \$ 517,930.40 |
| Accounts receivable | 249,935.02 |
| Coal, coke and by-products and mine supplies — at cost or useful values | 157,093.99 |
| Bonds and shares (Market value \$956,059.14) at cost | 906,611.16 |
| Shares (No established market value) nominal value | 2.00 |
| | <hr/> |
| | 1,831,572.57 |
| Imperial Bank of Canada, Fernie—Dividend Account | |
| To provide for issued and outstanding dividend cheques — | |
| per contra | 4,484.49 |
| Account receivable — subsidiary — wholly owned company | 1,743.72 |
| Shares of wholly owned subsidiaries | 404,932.81 |
| | <hr/> |
| | 406,676.53 |
| Mines, real estate, buildings, plant and equipment at cost, less | |
| amounts written off to reserves | 6,239,446.20 |
| Less: Reserves for depletion and depreciation | 3,130,643.34 |
| | <hr/> |
| | 3,108,802.86 |
| Deferred Charges | 3,330.10 |
| | <hr/> |
| Total | \$5,354,866.55 |

LIABILITIES

| | |
|--|-----------------------|
| Accounts payable—including accrued wages | 52,164.47 |
| Accrued taxes and assessments | 11,106.81 |
| Account payable—to wholly owned subsidiary Company | 13,425.62 |
| Provision for Dominion of Canada taxes—year 1940—less payments made in advance | 116,709.65 |
| Dividend cheques issued and outstanding — per contra | 4,484.49 |
| Capital : | |
| Authorized \$10,000,000.00 divided into 100,000 shares of the par value of \$100.00 each — Subscribed and paid up | 6,212,666.66 |
| Deficit : | |
| December 31st, 1940, as shown on accompanying Statement | 1,055,691.15 |
| | <u>5,156,975.51</u> |
| Total | <u>\$5,354,866.55</u> |

This is Balance Sheet referred to in Auditors' report dated
March 13th, 1941.

Signed on behalf of the Board : James T. Maher, Director.
Thomas Balmer, Director.

THE CROW'S NEST PASS COAL COMPANY, LIMITED

STATEMENT OF INCOME

For the year ended December 31st, 1940.

| | |
|--|---------------|
| Profit on coal and coke operations | \$ 692,432.09 |
| Less : Executive officers' salaries | 34,838.55 |
| Counsel and legal fees | 2,400.00 |
| Directors' fees | 2,500.00 |
| Provision for depreciation | 134,084.79 |
| Provision for depletion | 81,361.00 |
| | 255,184.34 |
| | 437,247.75 |
| Other Income : | |
| Interest on securities — after amortization of investments | |
| \$1,448.66 | 32,245.88 |
| Interest on bank balances, exchange, etc.—net | 1,783.54 |
| Recovered on investment previously written off | 859.55 |
| Profit on sale of securities | 180.00 |
| Sundry income—net | 16,605.44 |
| | 51,674.41 |
| | 488,922.16 |
| Other Charges : | |
| Investment in stocks (with no established market value) | |
| written down—subsidiary companies | 34,621.39 |
| Accounts receivable written off | 304.15 |
| | 34,925.54 |
| | 453,996.62 |
| Provision for Income and Excess Profits taxes—Dominion of Canada | 146,833.64 |
| Net Profit For Year | 307,162.98 |

STATEMENT OF DEFICIT — DECEMBER 31st, 1940.

| | |
|---|------------------|
| Distribution to shareholders to December 31st, 1939, from funds derived through creation of reserves for Depletion per resolutions of Directors | (x) 1,340,632.20 |
| Less : Profit for the year ended December 31st, 1939 | 164,132.07 |
| Profit for year ended December 31st, 1940 | 307,162.98 |
| | 471,295.05 |
| Less dividends paid in 1940 | 186,354.00 |
| | 284,941.05 |
| Deficit — December 31st, 1940 — per Balance Sheet | 1,055,691.15 |

(x) This amount represents distributions paid to Shareholders under Section 83, s. s. 4 and 5 of the Dominion Companies Act.

